

108TH CONGRESS
1ST SESSION

H. R. 522

To reform the Federal deposit insurance system, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 4, 2003

Mr. BACHUS (for himself, Mr. OXLEY, Mr. FRANK of Massachusetts, Mr. LEACH, Mr. KANJORSKI, Mr. BEREUTER, Ms. WATERS, Mr. ROYCE, Mrs. MALONEY, Mr. NEY, Mr. FORD, Mr. GILLMOR, Mr. GONZALEZ, Mr. LATOURETTE, Mr. HINOJOSA, Mr. JONES of North Carolina, Mrs. MCCARTHY of New York, Mrs. BIGGERT, Mr. DAVIS of Alabama, Mr. GREEN of Wisconsin, Mr. GRIJALVA, Mr. GARY G. MILLER of California, Ms. HART, Mr. TIBERI, Mr. RENZI, Mr. SIMMONS, Mr. UPTON, and Mr. BEAUPREZ) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To reform the Federal deposit insurance system, and for
other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Federal Deposit Insurance Reform Act of 2003”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Merging the BIF and SAIF.
- Sec. 3. Increase in deposit insurance coverage.
- Sec. 4. Setting assessments and repeal of special rules relating to minimum assessments and free deposit insurance.
- Sec. 5. Replacement of fixed designated reserve ratio with reserve range.
- Sec. 6. Requirements applicable to the risk-based assessment system.
- Sec. 7. Refunds, dividends, and credits from Deposit Insurance Fund.
- Sec. 8. Deposit Insurance Fund restoration plans.
- Sec. 9. Regulations required.
- Sec. 10. Studies of FDIC structure and expenses and certain activities and further possible changes to deposit insurance system.
- Sec. 11. Technical and conforming amendments to the Federal Deposit Insurance Act relating to the merger of the BIF and SAIF.
- Sec. 12. Other technical and conforming amendments relating to the merger of the BIF and SAIF.

1 SEC. 2. MERGING THE BIF AND SAIF.

2 (a) IN GENERAL.—

3 (1) MERGER.—The Bank Insurance Fund and
4 the Savings Association Insurance Fund shall be
5 merged into the Deposit Insurance Fund.

6 (2) DISPOSITION OF ASSETS AND LIABILITIES.—All assets and liabilities of the Bank Insurance Fund and the Savings Association Insurance
7 Fund shall be transferred to the Deposit Insurance
8 Fund.

9 (3) NO SEPARATE EXISTENCE.—The separate
10 existence of the Bank Insurance Fund and the Savings Association Insurance Fund shall cease on the
11 effective date of the merger thereof under this section.

12 (b) REPEAL OF OUTDATED MERGER PROVISION.—
13 Section 2704 of the Deposit Insurance Funds Act of 1996
14 (12 U.S.C. 1821 note) is repealed.

1 (c) EFFECTIVE DATE.—This section shall take effect
 2 on the first day of the first calendar quarter that begins
 3 after the end of the 90-day period beginning on the date
 4 of the enactment of this Act.

5 **SEC. 3. INCREASE IN DEPOSIT INSURANCE COVERAGE.**

6 (a) IN GENERAL.—Section 11(a)(1) of the Federal
 7 Deposit Insurance Act (12 U.S.C. 1821(a)(1)) is amend-
 8 ed—

9 (1) by striking subparagraph (B) and inserting
 10 the following new subparagraph:

11 “(B) NET AMOUNT OF INSURED DE-
 12 POSIT.—The net amount due to any depositor
 13 at an insured depository institution shall not
 14 exceed the standard maximum deposit insur-
 15 ance amount as determined in accordance with
 16 subparagraphs (C), (D), (E) and (F) and para-
 17 graph (3).”; and

18 (2) by adding at the end the following new sub-
 19 paragraphs:

20 “(E) STANDARD MAXIMUM DEPOSIT IN-
 21 SURANCE AMOUNT DEFINED.—For purposes of
 22 this Act, the term ‘standard maximum deposit
 23 insurance amount’ means—

24 “(i) until the effective date of final
 25 regulations prescribed pursuant to section

1 9(a)(2) of the Federal Deposit Insurance
2 Reform Act of 2003, \$100,000; and

3 “(ii) on and after such effective date,
4 \$130,000, adjusted as provided under sub-
5 paragraph (F).

6 “(F) INFLATION ADJUSTMENT.—

7 “(i) IN GENERAL.—By April 1 of
8 2005, and the 1st day of each subsequent
9 5-year period, the Board of Directors and
10 the National Credit Union Administration
11 Board shall jointly prescribe the amount
12 by which the standard maximum deposit
13 insurance amount and the standard max-
14 imum share insurance amount (as defined
15 in section 207(k) of the Federal Credit
16 Union Act) applicable to any depositor at
17 an insured depository institution shall be
18 increased by calculating the product of—

19 “(I) \$130,000; and

20 “(II) the ratio of the value of the
21 Personal Consumption Expenditures
22 Chain-Type Index (or any successor
23 index thereto), published by the De-
24 partment of Commerce, as of Decem-
25 ber 31 of the year preceding the year

1 in which the adjustment is calculated
2 under this clause, to the value of such
3 index as of the date this subpara-
4 graph takes effect.

5 “(ii) ROUNDING.—If the amount de-
6 termined under clause (ii) for any period is
7 not a multiple of \$10,000, the amount so
8 determined shall be rounded to the nearest
9 \$10,000.

10 “(iii) PUBLICATION AND REPORT TO
11 THE CONGRESS.—Not later than April 5 of
12 any calendar year in which an adjustment
13 is required to be calculated under clause (i)
14 to the standard maximum deposit insur-
15 ance amount and the standard maximum
16 share insurance amount under such clause,
17 the Board of Directors and the National
18 Credit Union Administration Board
19 shall—

20 “(I) publish in the Federal Reg-
21 ister the standard maximum deposit
22 insurance amount, the standard max-
23 imum share insurance amount, and
24 the amount of coverage under para-
25 graph (3)(A) and section 207(k)(3) of

1 the Federal Credit Union Act, as so
2 calculated; and

3 “(II) jointly submit a report to
4 the Congress containing the amounts
5 described in subclause (I).

6 “(iv) 6-MONTH IMPLEMENTATION PE-
7 RIOD.—Unless an Act of Congress enacted
8 before July 1 of the calendar year in which
9 an adjustment is required to be calculated
10 under clause (i) provides otherwise, the in-
11 crease in the standard maximum deposit
12 insurance amount and the standard max-
13 imum share insurance amount shall take
14 effect on January 1 of the year imme-
15 diately succeeding such calendar year.”.

16 (b) COVERAGE FOR CERTAIN EMPLOYEE BENEFIT
17 PLAN DEPOSITS.—Section 11(a)(1)(D) of the Federal De-
18 posit Insurance Act (12 U.S.C. 1821(a)(1)(D)) is amend-
19 ed to read as follows:

20 “(D) COVERAGE FOR CERTAIN EMPLOYEE
21 BENEFIT PLAN DEPOSITS.—

22 “(i) PASS-THROUGH INSURANCE.—
23 The Corporation shall provide pass-
24 through deposit insurance for the deposits
25 of any employee benefit plan.

1 “(ii) PROHIBITION ON ACCEPTANCE
2 OF BENEFIT PLAN DEPOSITS.—An insured
3 depository institution that is not well cap-
4 italized or adequately capitalized may not
5 accept employee benefit plan deposits.

6 “(iii) DEFINITIONS.—For purposes of
7 this subparagraph, the following definitions
8 shall apply:

9 “(I) CAPITAL STANDARDS.—The
10 terms ‘well capitalized’ and ‘ade-
11 quately capitalized’ have the same
12 meanings as in section 38.

13 “(II) EMPLOYEE BENEFIT
14 PLAN.—The term ‘employee benefit
15 plan’ has the same meaning as in
16 paragraph (8)(B)(ii), and includes any
17 eligible deferred compensation plan
18 described in section 457 of the Inter-
19 nal Revenue Code of 1986.

20 “(III) PASS-THROUGH DEPOSIT
21 INSURANCE.—The term ‘pass-through
22 deposit insurance’ means, with respect
23 to an employee benefit plan, deposit
24 insurance coverage provided on a pro
25 rata basis to the participants in the

1 plan, in accordance with the interest
 2 of each participant.”.

3 (c) DOUBLING OF DEPOSIT INSURANCE FOR CER-
 4 TAIN RETIREMENT ACCOUNTS.—Section 11(a)(3)(A) of
 5 the Federal Deposit Insurance Act (12 U.S.C.
 6 1821(a)(3)(A)) is amended by striking “\$100,000” and
 7 inserting “2 times the standard maximum deposit insur-
 8 ance amount (as determined under paragraph (1))”.

9 (d) INCREASED INSURANCE COVERAGE FOR MUNIC-
 10 IPAL DEPOSITS.—Section 11(a)(2) of the Federal Deposit
 11 Insurance Act (12 U.S.C. 1821(a)(2)) is amended—

12 (1) in subparagraph (A)—

13 (A) by moving the margins of clauses (i)
 14 through (v) 4 ems to the right;

15 (B) by striking, in the matter following
 16 clause (v), “such depositor shall” and all that
 17 follows through the period; and

18 (C) by striking the semicolon at the end of
 19 clause (v) and inserting a period;

20 (2) by striking “(2)(A) Notwithstanding” and
 21 all that follows through “a depositor who is—” and
 22 inserting the following:

23 “(2) MUNICIPAL DEPOSITORS.—

24 “(A) IN GENERAL.—Notwithstanding any
 25 limitation in this Act or in any other provision

1 of law relating to the amount of deposit insur-
2 ance available to any 1 depositor—

3 “(i) a municipal depositor shall, for
4 the purpose of determining the amount of
5 insured deposits under this subsection, be
6 deemed to be a depositor separate and dis-
7 tinct from any other officer, employee, or
8 agent of the United States or any public
9 unit referred to in subparagraph (E); and

10 “(ii) except as provided in subpara-
11 graph (B), the deposits of a municipal de-
12 positor shall be insured in an amount
13 equal to the standard maximum deposit in-
14 surance amount (as determined under
15 paragraph (1)).

16 “(B) IN-STATE MUNICIPAL DEPOSITORS.—

17 In the case of the deposits of an in-State mu-
18 nicipal depositor described in clause (ii), (iii),
19 (iv), or (v) of subparagraph (E) at an insured
20 depository institution, such deposits shall be in-
21 sured in an amount not to exceed the lesser
22 of—

23 “(i) \$2,000,000; or

24 “(ii) the sum of the standard max-
25 imum deposit insurance amount and 80

1 percent of the amount of any deposits in
2 excess of the standard maximum deposit
3 insurance amount.

4 “(C) MUNICIPAL DEPOSIT PARITY.—No
5 State may deny to insured depository institu-
6 tions within its jurisdiction the authority to ac-
7 cept deposits insured under this paragraph, or
8 prohibit the making of such deposits in such in-
9 stitutions by any in-State municipal depositor.

10 “(D) IN-STATE MUNICIPAL DEPOSITOR DE-
11 FINED.—For purposes of this paragraph, the
12 term ‘in-State municipal depositor’ means a
13 municipal depositor that is located in the same
14 State as the office or branch of the insured de-
15 pository institution at which the deposits of
16 that depositor are held.

17 “(E) MUNICIPAL DEPOSITOR.—In this
18 paragraph, the term ‘municipal depositor’
19 means a depositor that is—”;

20 (3) by striking “(B) The” and inserting the fol-
21 lowing:

22 “(F) AUTHORITY TO LIMIT DEPOSITS.—
23 The”; and

1 (4) by striking “depositor referred to in sub-
2 paragraph (A) of this paragraph” each place such
3 term appears and inserting “municipal depositor”.

4 (e) TECHNICAL AND CONFORMING AMENDMENT RE-
5 LATING TO INSURANCE OF TRUST FUNDS.—Paragraphs
6 (1) and (3) of section 7(i) of the Federal Deposit Insur-
7 ance Act (12 U.S.C. 1817(i)) are each amended by strik-
8 ing “\$100,000” and inserting “the standard maximum de-
9 posit insurance amount (as determined under section
10 11(a)(1))”.

11 (f) OTHER TECHNICAL AND CONFORMING AMEND-
12 MENTS.—

13 (1) Section 11(m)(6) of the Federal Deposit In-
14 surance Act (12 U.S.C. 1821(m)(6)) is amended by
15 striking “\$100,000” and inserting “an amount equal
16 to the standard maximum deposit insurance
17 amount”.

18 (2) Subsection (a) of section 18 of the Federal
19 Deposit Insurance Act (12 U.S.C. 1828(a)) is
20 amended to read as follows:

21 “(a) INSURANCE LOGO.—

22 “(1) INSURED DEPOSITORY INSTITUTIONS.—
23 Each insured depository institution shall display at
24 each place of business maintained by that institution
25 a sign or signs relating to the insurance of the de-

1 posits of the institution, in accordance with regula-
2 tions to be prescribed by the Corporation.

3 “(2) REGULATIONS.—The Corporation shall
4 prescribe regulations to carry out this subsection, in-
5 cluding regulations governing the substance of signs
6 required by paragraph (1) and the manner of dis-
7 play or use of such signs.

8 “(3) PENALTIES.—For each day that an in-
9 sured depository institution continues to violate this
10 subsection or any regulation issued under this sub-
11 section, it shall be subject to a penalty of not more
12 than \$100, which the Corporation may recover for
13 its use.”.

14 (3) Section 43(d) of the Federal Deposit Insur-
15 ance Act (12 U.S.C. 1831t(d)) is amended by strik-
16 ing “\$100,000” and inserting “an amount equal to
17 the standard maximum deposit insurance amount”.

18 (4) Section 6 of the International Banking Act
19 of 1978 (12 U.S.C. 3104) is amended—

20 (A) by striking “\$100,000” each place
21 such term appears and inserting “an amount
22 equal to the standard maximum deposit insur-
23 ance amount”; and

24 (B) by adding at the end the following new
25 subsection:

1 “(e) STANDARD MAXIMUM DEPOSIT INSURANCE
 2 AMOUNT DEFINED.—For purposes of this section, the
 3 term ‘standard maximum deposit insurance amount’
 4 means the amount of the maximum amount of deposit in-
 5 surance as determined under section 11(a)(1) of the Fed-
 6 eral Deposit Insurance Act.”.

7 (g) CONFORMING CHANGE TO CREDIT UNION SHARE
 8 INSURANCE FUND.—

9 (1) IN GENERAL.—Section 207(k) of the Fed-
 10 eral Credit Union Act (12 U.S.C. 1787(k)) is
 11 amended—

12 (A) by striking “(k)(1)” and all that fol-
 13 lows through the end of paragraph (1) and in-
 14 serting the following:

15 “(k) INSURED AMOUNTS PAYABLE.—

16 “(1) NET INSURED AMOUNT.—

17 “(A) IN GENERAL.—Subject to the provi-
 18 sions of paragraph (2), the net amount of share
 19 insurance payable to any member at an insured
 20 credit union shall not exceed the total amount
 21 of the shares or deposits in the name of the
 22 member (after deducting offsets), less any part
 23 thereof which is in excess of the standard max-
 24 imum share insurance amount, as determined
 25 in accordance with this paragraph and para-

1 graphs (5) and (6), and consistently with ac-
2 tions taken by the Federal Deposit Insurance
3 Corporation under section 11(a) of the Federal
4 Deposit Insurance Act.

5 “(B) AGGREGATION.—Determination of
6 the net amount of share insurance under sub-
7 paragraph (A), shall be in accordance with such
8 regulations as the Board may prescribe, and, in
9 determining the amount payable to any mem-
10 ber, there shall be added together all accounts
11 in the credit union maintained by that member
12 for that member’s own benefit, either in the
13 member’s own name or in the names of others.

14 “(C) AUTHORITY TO DEFINE THE EXTENT
15 OF COVERAGE.—The Board may define, with
16 such classifications and exceptions as it may
17 prescribe, the extent of the share insurance cov-
18 erage provided for member accounts, including
19 member accounts in the name of a minor, in
20 trust, or in joint tenancy.”;

21 (B) in paragraph (2)—

22 (i) in subparagraph (A)—

23 (I) in clauses (i) through (v), by
24 moving the margins 4 ems to the
25 right;

1 (II) in the matter following
2 clause (v), by striking “his account”
3 and all that follows through the pe-
4 riod; and

5 (III) by striking the semicolon at
6 the end of clause (v) and inserting a
7 period;

8 (ii) by striking “(2)(A) Notwith-
9 standing” and all that follows through “a
10 depositor or member who is—” and insert-
11 ing the following:

12 “(2) MUNICIPAL DEPOSITORS OR MEMBERS.—

13 “(A) IN GENERAL.—Notwithstanding any
14 limitation in this Act or in any other provision
15 of law relating to the amount of insurance
16 available to any 1 depositor or member, depos-
17 its or shares of a municipal depositor or mem-
18 ber shall be insured in an amount equal to the
19 standard maximum share insurance amount (as
20 determined under paragraph (5)), except as
21 provided in subparagraph (B).

22 “(B) IN-STATE MUNICIPAL DEPOSITORS.—

23 In the case of the deposits of an in-State mu-
24 nicipal depositor described in clause (ii), (iii),
25 (iv), or (v) of subparagraph (E) at an insured

1 credit union, such deposits shall be insured in
2 an amount equal to the lesser of—

3 “(i) \$2,000,000; or

4 “(ii) the sum of the standard max-
5 imum deposit insurance amount and 80
6 percent of the amount of any deposits in
7 excess of the standard maximum deposit
8 insurance amount.

9 “(C) RULE OF CONSTRUCTION.—No provi-
10 sion of this paragraph shall be construed as au-
11 thorizing an insured credit union to accept the
12 deposits of a municipal depositor in an amount
13 greater than such credit union is authorized to
14 accept under any other provision of Federal or
15 State law.

16 “(D) IN-STATE MUNICIPAL DEPOSITOR DE-
17 FINED.—For purposes of this paragraph, the
18 term ‘in-State municipal depositor’ means a
19 municipal depositor that is located in the same
20 State as the office or branch of the insured
21 credit union at which the deposits of that de-
22 positor are held.

23 “(E) MUNICIPAL DEPOSITOR.—In this
24 paragraph, the term ‘municipal depositor’
25 means a depositor that is—”;

1 (iii) by striking “(B) The” and insert-
2 ing the following:

3 “(F) AUTHORITY TO LIMIT DEPOSITS.—
4 The”; and

5 (iv) by striking “depositor or member
6 referred to in subparagraph (A)” and in-
7 serting “municipal depositor or member”;
8 and

9 (C) by adding at the end the following new
10 paragraphs:

11 “(4) COVERAGE FOR CERTAIN EMPLOYEE BEN-
12 EFIT PLAN DEPOSITS.—

13 “(A) PASS-THROUGH INSURANCE.—The
14 Administration shall provide pass-through share
15 insurance for the deposits or shares of any em-
16 ployee benefit plan.

17 “(B) PROHIBITION ON ACCEPTANCE OF
18 DEPOSITS.—An insured credit union that is not
19 well capitalized or adequately capitalized may
20 not accept employee benefit plan deposits.

21 “(C) DEFINITIONS.—For purposes of this
22 paragraph, the following definitions shall apply:

23 “(i) CAPITAL STANDARDS.—The
24 terms ‘well capitalized’ and ‘adequately

capitalized’ have the same meanings as in section 216(c).

“(ii) EMPLOYEE BENEFIT PLAN.—

The term ‘employee benefit plan’—

“(I) has the meaning given to such term in section 3(3) of the Employee Retirement Income Security Act of 1974;

“(II) includes any plan described in section 401(d) of the Internal Revenue Code of 1986; and

“(III) includes any eligible deferred compensation plan described in section 457 of the Internal Revenue Code of 1986.

“(iii) PASS-THROUGH SHARE INSURANCE.—The term ‘pass-through share insurance’ means, with respect to an employee benefit plan, insurance coverage provided on a pro rata basis to the participants in the plan, in accordance with the interest of each participant.

“(D) RULE OF CONSTRUCTION.—No provision of this paragraph shall be construed as authorizing an insured credit union to accept the

1 deposits of an employee benefit plan in an
 2 amount greater than such credit union is au-
 3 thorized to accept under any other provision of
 4 Federal or State law.

5 “(5) STANDARD MAXIMUM SHARE INSURANCE
 6 AMOUNT DEFINED.—For purposes of this Act, the
 7 term ‘standard maximum share insurance amount’
 8 means—

9 “(A) until the effective date of final regula-
 10 tions prescribed pursuant to section 9(a)(2) of
 11 the Federal Deposit Insurance Reform Act of
 12 2003, \$100,000; and

13 “(B) on and after such effective date,
 14 \$130,000, adjusted as provided under section
 15 11(a)(1)(F) of the Federal Deposit Insurance
 16 Act.”.

17 (2) DOUBLING OF SHARE INSURANCE FOR CER-
 18 TAIN RETIREMENT ACCOUNTS.—Section 207(k)(3)
 19 of the Federal Credit Union Act (12 U.S.C.
 20 1787(k)(3)) is amended by striking “\$100,000” and
 21 inserting “2 times the standard maximum share in-
 22 surance amount (as determined under paragraph
 23 (1))”.

24 (h) EFFECTIVE DATE.—This section and the amend-
 25 ments made by this section shall take effect on the date

1 the final regulations required under section 9(a)(2) take
2 effect.

3 **SEC. 4. SETTING ASSESSMENTS AND REPEAL OF SPECIAL**
4 **RULES RELATING TO MINIMUM ASSESS-**
5 **MENTS AND FREE DEPOSIT INSURANCE.**

6 (a) SETTING ASSESSMENTS.—Section 7(b)(2) of the
7 Federal Deposit Insurance Act (12 U.S.C. 1817(b)(2)) is
8 amended—

9 (1) by striking subparagraphs (A) and (B) and
10 inserting the following new subparagraphs:

11 “(A) IN GENERAL.—The Board of Direc-
12 tors shall set assessments for insured depository
13 institutions in such amounts as the Board of
14 Directors may determine to be necessary or ap-
15 propriate, subject to subparagraph (D).

16 “(B) FACTORS TO BE CONSIDERED.—In
17 setting assessments under subparagraph (A),
18 the Board of Directors shall consider the fol-
19 lowing factors:

20 “(i) The estimated operating expenses
21 of the Deposit Insurance Fund.

22 “(ii) The estimated case resolution ex-
23 penses and income of the Deposit Insur-
24 ance Fund.

1 “(iii) The projected effects of the pay-
2 ment of assessments on the capital and
3 earnings of insured depository institutions.

4 “(iv) the risk factors and other factors
5 taken into account pursuant to paragraph
6 (1) under the risk-based assessment sys-
7 tem, including the requirement under such
8 paragraph to maintain a risk-based sys-
9 tem.

10 “(v) Any other factors the Board of
11 Directors may determine to be appro-
12 priate.”; and

13 (2) by inserting after subparagraph (C) the fol-
14 lowing new subparagraph:

15 “(D) BASE RATE FOR ASSESSMENTS.—

16 “(i) IN GENERAL.—In setting assess-
17 ment rates pursuant to subparagraph (A),
18 the Board of Directors shall establish a
19 base rate of not more than 1 basis point
20 (exclusive of any credit or dividend) for
21 those insured depository institutions in the
22 lowest-risk category under the risk-based
23 assessment system established pursuant to
24 paragraph (1).

1 “(ii) SUSPENSION.—Clause (i) shall
 2 not apply during any period in which the
 3 reserve ratio of the Deposit Insurance
 4 Fund is less than the amount which is
 5 equal to 1.15 percent of the aggregate esti-
 6 mated insured deposits.”.

7 (b) ASSESSMENT RECORDKEEPING PERIOD SHORT-
 8 ENED.—Paragraph (5) of section 7(b) of the Federal De-
 9 posit Insurance Act (12 U.S.C. 1817(b)) is amended to
 10 read as follows:

11 “(5) DEPOSITORY INSTITUTION REQUIRED TO
 12 MAINTAIN ASSESSMENT-RELATED RECORDS.—Each
 13 insured depository institution shall maintain all
 14 records that the Corporation may require for
 15 verifying the correctness of any assessment on the
 16 insured depository institution under this subsection
 17 until the later of—

18 “(A) the end of the 3-year period begin-
 19 ning on the due date of the assessment; or

20 “(B) in the case of a dispute between the
 21 insured depository institution and the Corpora-
 22 tion with respect to such assessment, the date
 23 of a final determination of any such dispute.”.

24 (c) INCREASE IN FEES FOR LATE ASSESSMENT PAY-
 25 MENTS.—Subsection (h) of section 18 of the Federal De-

1 posit Insurance Act (12 U.S.C. 1828(h)) is amended to
2 read as follows:

3 “(h) PENALTY FOR FAILURE TO TIMELY PAY AS-
4 SESSMENTS.—

5 “(1) IN GENERAL.—Any insured depository in-
6 stitution which fails or refuses to pay any assess-
7 ment shall be subject to a penalty in an amount not
8 more than 1 percent of the amount of the assess-
9 ment due for each day that such violation continues.

10 “(2) EXCEPTION IN CASE OF DISPUTE.—Para-
11 graph (1) shall not apply if—

12 “(A) the failure to pay an assessment is
13 due to a dispute between the insured depository
14 institution and the Corporation over the
15 amount of such assessment; and

16 “(B) the insured depository institution de-
17 posits security satisfactory to the Corporation
18 for payment upon final determination of the
19 issue.

20 “(3) AUTHORITY TO MODIFY OR REMIT PEN-
21 ALTY.—The Corporation, in the sole discretion of
22 the Corporation, may compromise, modify or remit
23 any penalty which the Corporation may assess or
24 has already assessed under paragraph (1) upon a

1 finding that good cause prevented the timely pay-
2 ment of an assessment.”.

3 (d) ASSESSMENTS FOR LIFELINE ACCOUNTS.—

4 (1) IN GENERAL.—Section 232 of the Federal
5 Deposit Insurance Corporation Improvement Act of
6 1991 (12 U.S.C. 1834) is amended by striking sub-
7 section (c).

8 (2) CLARIFICATION OF RATE APPLICABLE TO
9 DEPOSITS ATTRIBUTABLE TO LIFELINE AC-
10 COUNTS.—Section 7(b)(2)(H) of the Federal Deposit
11 Insurance Act (12 U.S.C. 1817(b)(2)(H)) is amend-
12 ed by striking “at a rate determined in accordance
13 with such Act” and inserting “at ½ the assessment
14 rate otherwise applicable for such insured depository
15 institution”.

16 (3) REGULATIONS.—Section 232(a)(1) of the
17 Federal Deposit Insurance Corporation Improvement
18 Act of 1991 (12 U.S.C. 1834(a)(1)) is amended by
19 striking “Board of Governors of the Federal Reserve
20 System, and the”.

21 (e) TECHNICAL AND CONFORMING AMENDMENTS.—

22 (1) Paragraph (3) of section 7(a) of the Fed-
23 eral Deposit Insurance Act (12 U.S.C. 1817(a)(3))
24 is amended by striking the 3d sentence and inserting
25 the following: “Such reports of condition shall be the

1 basis for the certified statements to be filed pursu-
2 ant to subsection (c).”.

3 (2) Subparagraphs (B)(ii) and (C) of section
4 7(b)(1) of the Federal Deposit Insurance Act (12
5 U.S.C. 1817(b)(1)) are each amended by striking
6 “semiannual” where such term appears in each such
7 subparagraph.

8 (3) Section 7(b)(2) of the Federal Deposit In-
9 surance Act (12 U.S.C. 1817(b)(2)) is amended—

10 (A) by striking subparagraphs (E), (F),
11 and (G);

12 (B) in subparagraph (C), by striking
13 “semiannual”; and

14 (C) by redesignating subparagraph (H) (as
15 amended by subsection (e)(2) of this section) as
16 subparagraph (E).

17 (4) Section 7(b) of the Federal Deposit Insur-
18 ance Act (12 U.S.C. 1817(b)) is amended by strik-
19 ing paragraph (4) and redesignating paragraphs (5)
20 (as amended by subsection (b) of this section), (6),
21 and (7) as paragraphs (4), (5), and (6) respectively.

22 (5) Section 7(c) of the Federal Deposit Insur-
23 ance Act (12 U.S.C. 1817(c)) is amended—

24 (A) in paragraph (1)(A), by striking
25 “semiannual”;

1 (B) in paragraph (2)(A), by striking
2 “semiannual”; and

3 (C) in paragraph (3), by striking “semi-
4 annual period” and inserting “initial assess-
5 ment period”.

6 (6) Section 7(g)(6) of the Federal Deposit In-
7 surance Act (12 U.S.C. 1817(g)(6)) (as amended by
8 subsection (c) of this section) is amended by striking
9 “(b)(5)” and inserting “(b)(4)”.

10 (7) Section 8(p) of the Federal Deposit Insur-
11 ance Act (12 U.S.C. 1818(p)) is amended by strik-
12 ing “semiannual”.

13 (8) Section 8(q) of the Federal Deposit Insur-
14 ance Act (12 U.S.C. 1818(q)) is amended by strik-
15 ing “semiannual period” and inserting “assessment
16 period”.

17 (9) Section 13(c)(4)(G)(ii)(II) of the Federal
18 Deposit Insurance Act (12 U.S.C.
19 1823(c)(4)(G)(ii)(II)) is amended by striking “semi-
20 annual period” and inserting “assessment period”.

21 (10) Section 232(a) of the Federal Deposit In-
22 surance Corporation Improvement Act of 1991 (12
23 U.S.C. 1834(a)) is amended—

1 (A) in the matter preceding subparagraph
 2 (A) of paragraph (2), by striking “the Board
 3 and”;

4 (B) in subparagraph (J) of paragraph (2),
 5 by striking “the Board” and inserting “the
 6 Corporation”;

7 (C) by striking subparagraph (A) of para-
 8 graph (3) and inserting the following new sub-
 9 paragraph:

10 “(A) CORPORATION.—The term ‘Corpora-
 11 tion’ means the Federal Deposit Insurance Cor-
 12 poration.”; and

13 (D) in subparagraph (C) of paragraph (3),
 14 by striking “Board” and inserting “Corpora-
 15 tion”.

16 (f) EFFECTIVE DATE.—Except as provided in sub-
 17 section (c), this section and the amendments made by this
 18 section shall take effect on the date that the final regula-
 19 tions required under section 9(a)(5) take effect.

20 **SEC. 5. REPLACEMENT OF FIXED DESIGNATED RESERVE**
 21 **RATIO WITH RESERVE RANGE.**

22 (a) IN GENERAL.—Section 7(b)(3) of the Federal
 23 Deposit Insurance Act (12 U.S.C. 1817(b)(3)) is amended
 24 to read as follows:

25 “(3) DESIGNATED RESERVE RATIO.—

1 “(A) ESTABLISHMENT.—

2 “(i) IN GENERAL.—The Board of Di-
3 rectors shall designate, by regulation after
4 notice and opportunity for comment, the
5 reserve ratio applicable with respect to the
6 Deposit Insurance Fund.

7 “(ii) NOT LESS THAN ANNUAL REDE-
8 TERMINATION.—A determination under
9 clause (i) shall be made by the Board of
10 Directors at least before the beginning of
11 each calendar year, for such calendar year,
12 and at such other times as the Board of
13 Directors may determine to be appropriate.

14 “(B) RANGE.—The reserve ratio des-
15 ignated by the Board of Directors for any
16 year—

17 “(i) may not exceed 1.4 percent of es-
18 timated insured deposits; and

19 “(ii) may not be less than 1.15 per-
20 cent of estimated insured deposits.

21 “(C) FACTORS.—In designating a reserve
22 ratio for any year, the Board of Directors
23 shall—

24 “(i) take into account the risk of
25 losses to the Deposit Insurance Fund in

1 such year and future years, including his-
2 toric experience and potential and esti-
3 mated losses from insured depository insti-
4 tutions;

5 “(ii) take into account economic con-
6 ditions generally affecting insured deposi-
7 tory institutions so as to allow the des-
8 ignated reserve ratio to increase during
9 more favorable economic conditions and to
10 decrease during less favorable economic
11 conditions, notwithstanding the increased
12 risks of loss that may exist during such
13 less favorable conditions, as determined to
14 be appropriate by the Board of Directors;

15 “(iii) seek to prevent sharp swings in
16 the assessment rates for insured depository
17 institutions; and

18 “(iv) take into account such other fac-
19 tors as the Board of Directors may deter-
20 mine to be appropriate, consistent with the
21 requirements of this subparagraph.

22 “(D) PUBLICATION OF PROPOSED CHANGE
23 IN RATIO.—In soliciting comment on any pro-
24 posed change in the designated reserve ratio in
25 accordance with subparagraph (A), the Board

1 of Directors shall include in the published pro-
 2 posal a thorough analysis of the data and pro-
 3 jections on which the proposal is based.”.

4 (b) TECHNICAL AND CONFORMING AMENDMENT.—
 5 Section 3(y) of the Federal Deposit Insurance Act (12
 6 U.S.C. 1813(y)) is amended—

7 (1) by striking “(y) The term” and inserting
 8 “(y) DEFINITIONS RELATING TO DEPOSIT INSUR-
 9 ANCE FUND.—

10 “(1) DEPOSIT INSURANCE FUND.—The term”;
 11 and

12 (2) by inserting after paragraph (1) (as so des-
 13 ignated by paragraph (1) of this subsection) the fol-
 14 lowing new paragraph:

15 “(2) DESIGNATED RESERVE RATIO.—The term
 16 ‘designated reserve ratio’ means the reserve ratio
 17 designated by the Board of Directors in accordance
 18 with section 7(b)(3).”.

19 (c) EFFECTIVE DATE.—This section and the amend-
 20 ments made by this section shall take effect on the date
 21 that the final regulations required under section 9(a)(1)
 22 take effect.

1 **SEC. 6. REQUIREMENTS APPLICABLE TO THE RISK-BASED**
2 **ASSESSMENT SYSTEM.**

3 Section 7(b)(1) of the Federal Deposit Insurance Act
4 (12 U.S.C. 1817(b)(1)) is amended by adding at the end
5 the following new subparagraphs:

6 “(E) INFORMATION CONCERNING RISK OF
7 LOSS AND ECONOMIC CONDITIONS.—

8 “(i) SOURCES OF INFORMATION.—For
9 purposes of determining risk of losses at
10 insured depository institutions and eco-
11 nomic conditions generally affecting depos-
12 itory institutions, the Corporation shall col-
13 lect information, as appropriate, from all
14 sources the Board of Directors considers
15 appropriate, such as reports of condition,
16 inspection reports, and other information
17 from all Federal banking agencies, any in-
18 formation available from State bank super-
19 visors, State insurance and securities regu-
20 lators, the Securities and Exchange Com-
21 mission (including information described in
22 section 35), the Secretary of the Treasury,
23 the Commodity Futures Trading Commis-
24 sion, the Farm Credit Administration, the
25 Federal Trade Commission, any Federal
26 reserve bank or Federal home loan bank,

1 and other regulators of financial institu-
2 tions, and any information available from
3 credit rating entities, and other private
4 economic or business analysts.

5 “(ii) CONSULTATION WITH FEDERAL
6 BANKING AGENCIES.—

7 “(I) IN GENERAL.—Except as
8 provided in subclause (II), in assess-
9 ing the risk of loss to the Deposit In-
10 surance Fund with respect to any in-
11 sured depository institution, the Cor-
12 poration shall consult with the appro-
13 priate Federal banking agency of such
14 institution.

15 “(II) TREATMENT ON AGGRE-
16 GATE BASIS.—In the case of insured
17 depository institutions that are well
18 capitalized (as defined in section 38)
19 and, in the most recent examination,
20 were found to be well managed, the
21 consultation under subclause (I) con-
22 cerning the assessment of the risk of
23 loss posed by such institutions may be
24 made on an aggregate basis.

1 “(iii) RULE OF CONSTRUCTION.—No
 2 provision of this paragraph shall be con-
 3 strued as providing any new authority for
 4 the Corporation to require submission of
 5 information by insured depository institu-
 6 tions to the Corporation.

7 “(F) MODIFICATIONS TO THE RISK-BASED
 8 ASSESSMENT SYSTEM ALLOWED ONLY AFTER
 9 NOTICE AND COMMENT.—In revising or modi-
 10 fying the risk-based assessment system at any
 11 time after the date of the enactment of the
 12 Federal Deposit Insurance Reform Act of 2003,
 13 the Board of Directors may implement such re-
 14 visions or modification in final form only after
 15 notice and opportunity for comment.”.

16 **SEC. 7. REFUNDS, DIVIDENDS, AND CREDITS FROM DE-**
 17 **POSIT INSURANCE FUND.**

18 (a) IN GENERAL.—Subsection (e) of section 7 of the
 19 Federal Deposit Insurance Act (12 U.S.C. 1817(e)) is
 20 amended to read as follows:

21 “(e) REFUNDS, DIVIDENDS, AND CREDITS.—

22 “(1) REFUNDS OF OVERPAYMENTS.—In the
 23 case of any payment of an assessment by an insured
 24 depository institution in excess of the amount due to
 25 the Corporation, the Corporation may—

1 “(A) refund the amount of the excess pay-
2 ment to the insured depository institution; or

3 “(B) credit such excess amount toward the
4 payment of subsequent assessments until such
5 credit is exhausted.

6 “(2) DIVIDENDS FROM EXCESS AMOUNTS IN
7 DEPOSIT INSURANCE FUND.—

8 “(A) RESERVE RATIO EQUAL TO OR IN EX-
9 CESS OF 1.4 PERCENT OF ESTIMATED INSURED
10 DEPOSITS.—Whenever the reserve ratio of the
11 Deposit Insurance Fund equals or exceeds 1.4
12 percent of estimated insured deposits, the Cor-
13 poration shall declare the amount in the Fund
14 in excess of the amount required to maintain
15 the reserve ratio at the designated reserve ratio
16 in effect at such time, as dividends to be paid
17 to insured depository institutions.

18 “(B) RESERVE RATIO EQUAL TO OR IN EX-
19 CESS OF 1.35 PERCENT OF ESTIMATED INSURED
20 DEPOSITS AND LESS THAN 1.4 PERCENT.—
21 Whenever the reserve ratio of the Deposit In-
22 surance Fund equals or exceeds 1.35 percent of
23 estimated insured deposits and is less than 1.4
24 percent of such deposits, the Corporation shall
25 declare the amount in the Fund that is equal

1 to 50 percent of the amount in excess of the
2 amount required to maintain the reserve ratio
3 at 1.35 percent of the estimated insured depos-
4 its as dividends to be paid to insured depository
5 institutions.

6 “(C) BASIS FOR DISTRIBUTION OF DIVI-
7 DENDS.—

8 “(i) IN GENERAL.—Solely for the pur-
9 poses of dividend distribution under this
10 paragraph and credit distribution under
11 paragraph (3)(B), the Corporation shall
12 determine each insured depository institu-
13 tion’s relative contribution to the Deposit
14 Insurance Fund (or any predecessor de-
15 posit insurance fund) for calculating such
16 institution’s share of any dividend or credit
17 declared under this paragraph or para-
18 graph (3)(B), taking into account the fac-
19 tors described in clause (ii).

20 “(ii) FACTORS FOR DISTRIBUTION.—
21 In implementing this paragraph and para-
22 graph (3)(B) in accordance with regula-
23 tions, the Corporation shall take into ac-
24 count the following factors:

1 “(I) The ratio of the assessment
2 base of an insured depository institu-
3 tion (including any predecessor) on
4 December 31, 1996, to the assessment
5 base of all eligible insured depository
6 institutions on that date.

7 “(II) The total amount of assess-
8 ments paid on or after January 1,
9 1997, by an insured depository insti-
10 tution (including any predecessor) to
11 the Deposit Insurance Fund (and any
12 predecessor deposit insurance fund).

13 “(III) That portion of assess-
14 ments paid by an insured depository
15 institution (including any predecessor)
16 that reflects higher levels of risk as-
17 sumed by such institution.

18 “(IV) Such other factors as the
19 Corporation may determine to be ap-
20 propriate.

21 “(D) NOTICE AND OPPORTUNITY FOR
22 COMMENT.—The calculation, declaration, and
23 payment of dividends under this paragraph
24 shall be made at such times, in such manner,
25 and on such conditions as the Corporation shall

1 prescribe by regulation, after notice and oppor-
2 tunity for comment.

3 “(3) CREDIT POOL.—

4 “(A) ONE-TIME CREDIT BASED ON TOTAL
5 ASSESSMENT BASE AT YEAR-END 1996.—

6 “(i) IN GENERAL.—Before the end of
7 the 270-day period beginning on the date
8 of the enactment of the Federal Deposit
9 Insurance Reform Act of 2003, the Board
10 of Directors shall, by regulation, provide
11 for a credit to each eligible insured deposi-
12 tory institution, based on the assessment
13 base of the institution (including any pred-
14 ecessor institution) on December 31, 1996,
15 as compared to the combined aggregate as-
16 sessment base of all eligible insured deposi-
17 tory institutions, taking into account such
18 factors as the Board of Directors may de-
19 termine to be appropriate.

20 “(ii) CREDIT LIMIT.—The aggregate
21 amount of credits available under clause (i)
22 to all eligible insured depository institu-
23 tions shall equal the amount that the Cor-
24 poration could collect if the Corporation
25 imposed an assessment of 12 basis points

1 on the combined assessment base of the
2 Bank Insurance Fund and the Savings As-
3 sociation Insurance Fund as of December
4 31, 2001.

5 “(iii) ELIGIBLE INSURED DEPOSITORY
6 INSTITUTION DEFINED.—For purposes of
7 this paragraph, the term ‘eligible insured
8 depository institution’ means any insured
9 depository institution that—

10 “(I) was in existence on Decem-
11 ber 31, 1996, and paid a deposit in-
12 surance assessment prior to that date;
13 or

14 “(II) is a successor to any in-
15 sured depository institution described
16 in subclause (II).

17 “(iv) APPLICATION OF CREDITS.—

18 “(I) IN GENERAL.—The amount
19 of a credit to any eligible insured de-
20 pository institution under this para-
21 graph may be applied by the Corpora-
22 tion to those portions of the assess-
23 ments imposed on such institution
24 under subsection (b) that become due
25 for assessment periods beginning after

1 the effective date of regulations pre-
2 scribed under clause (i).

3 “(II) REGULATIONS.—The regu-
4 lations prescribed under clause (i)
5 shall establish the qualifications and
6 procedures governing the application
7 of assessment credits pursuant to sub-
8 clause (I).

9 “(v) CRITERIA FOR DETERMINA-
10 TION.—In determining whether to provide
11 assessment credits under this paragraph
12 and the amounts of any such credits, the
13 Board of Directors shall take into account
14 the factors for designating the reserve
15 ratio under subsection (b)(3) and the fac-
16 tors for setting assessments under sub-
17 section (b)(2)(B).

18 “(vi) LIMITATION ON AMOUNT OF
19 CREDIT FOR CERTAIN DEPOSITORY INSTI-
20 TUTIONS.—In the case of an insured de-
21 pository institution that exhibits financial,
22 operational, or compliance weaknesses
23 ranging from moderately severe to unsatis-
24 factory, or is not adequately capitalized (as
25 defined in section 38) at the beginning of

1 an assessment period, the amount of any
2 credit allowed under this paragraph
3 against the assessment on that depository
4 institution for such period may not exceed
5 the amount calculated by applying to that
6 depository institution the average assess-
7 ment rate on all insured depository institu-
8 tions for such assessment period.

9 “(vii) PREDECESSOR DEFINED.—For
10 purposes of this paragraph, the term ‘pred-
11 ecessor’, when used with respect to any in-
12 sured depository institution, includes any
13 other insured depository institution ac-
14 quired by or merged with such insured de-
15 pository institution.

16 “(B) ON-GOING CREDIT POOL.—

17 “(i) IN GENERAL.—In addition to the
18 credit provided pursuant to subparagraph
19 (A) and subject to the limitation contained
20 in clause (vi) of such subparagraph, the
21 Corporation shall, by regulation, establish
22 an on-going system of credits to be applied
23 against future assessments under sub-
24 section (b)(1) on the same basis as the

1 dividends provided under paragraph
2 (2)(C).

3 “(ii) LIMITATION ON CREDITS UNDER
4 CERTAIN CIRCUMSTANCES.—No credits
5 may be allowed by the Corporation under
6 this subparagraph during any period in
7 which—

8 “(I) the reserve ratio of the De-
9 posit Insurance Fund is less than the
10 designated reserve ratio of such Fund;
11 or

12 “(II) the designated reserve ratio
13 of the Fund is less than 1.25 percent
14 of the amount of estimated insured
15 deposits.

16 “(4) ADMINISTRATIVE REVIEW.—

17 “(A) IN GENERAL.—The regulations pre-
18 scribed under paragraph (2)(D) and subpara-
19 graphs (A) and (B) of paragraph (3) shall in-
20 clude provisions allowing an insured depository
21 institution a reasonable opportunity to chal-
22 lenge administratively the amount of the credit
23 or dividend determined under paragraph (2) or
24 (3) for such institution.

1 “(B) ADMINISTRATIVE REVIEW.—Any re-
 2 view under subparagraph (A) of any determina-
 3 tion of the Corporation under paragraph (2) or
 4 (3) shall be final and not subject to judicial re-
 5 view.”.

6 (b) DEFINITION OF RESERVE RATIO.—Section 3(y)
 7 of the Federal Deposit Insurance Act (12 U.S.C. 1813(y))
 8 (as amended by section 5(b) of this Act) is amended by
 9 adding at the end the following new paragraph:

10 “(3) RESERVE RATIO.—The term ‘reserve
 11 ratio’, when used with regard to the Deposit Insur-
 12 ance Fund other than in connection with a reference
 13 to the designated reserve ratio, means the ratio of
 14 the net worth of the Deposit Insurance Fund to the
 15 value of the aggregate estimated insured deposits.”.

16 **SEC. 8. DEPOSIT INSURANCE FUND RESTORATION PLANS.**

17 Section 7(b)(3) of the Federal Deposit Insurance Act
 18 (12 U.S.C. 1917(b)(3)) (as amended by section 5(a) of
 19 this Act) is amended by adding at the end the following
 20 new subparagraph:

21 “(E) DIF RESTORATION PLANS.—

22 “(i) IN GENERAL.—Whenever—

23 “(I) the Corporation projects
 24 that the reserve ratio of the Deposit
 25 Insurance Fund will fall below the

1 designated reserve ratio within 6
2 months of such determination; or

3 “(II) the reserve ratio of the De-
4 posit Insurance Fund actually falls
5 below the designated reserve ratio
6 without any determination under sub-
7 clause (I) having been made,

8 the Corporation shall establish and imple-
9 ment a Deposit Insurance Fund restora-
10 tion plan within 30 days that meets the re-
11 quirements of clause (ii) or (iii), as the
12 case may be, and such other conditions as
13 the Corporation determines to be appro-
14 priate.

15 “(ii) REQUIREMENTS OF PLAN IF RE-
16 SERVE RATIO DOES NOT FALL BELOW 1.0
17 PERCENT.—If the reserve ratio of the De-
18 posit Insurance Fund is not projected to or
19 has not fallen below an amount equal to
20 1.0 percent of the aggregate estimated in-
21 sured deposits, a Deposit Insurance Fund
22 restoration plan meets the requirements of
23 this clause if the plan provides that the re-
24 serve ratio of the Fund will meet or exceed
25 the designated reserve ratio that was in ef-

fect before the occurrence of the event described in subclause (I) or (II) of clause (i) before the end of the 3-year period beginning upon implementation of the plan.

“(iii) REQUIREMENTS OF PLAN IF RESERVE RATIO FALLS BELOW 1.0 PERCENT.—If the reserve ratio of the Deposit Insurance Fund has fallen below an amount equal to 1.0 percent of the aggregate estimated insured deposits, a Deposit Insurance Fund restoration plan meets the requirements of this clause if the plan provides that the reserve ratio of the Fund—

“(I) will meet or exceed an amount equal to 1.0 percent of the aggregate estimated insured deposits before the end of the 2-year period beginning upon implementation of the plan; and

“(II) will meet or exceed the designated reserve ratio that was in effect before the occurrence of the event described in subclause (I) or (II) of clause (i) before the end of the 3-year period beginning on the date the re-

1 serve ratio first meets or exceeds an
2 amount equal to 1.0 percent of the
3 aggregate estimated insured deposits
4 after the implementation of the plan.

5 “(iv) TRANSPARENCY.—Not more
6 than 90 days after the Corporation estab-
7 lishes and implements a restoration plan
8 under clause (i), the Corporation shall pub-
9 lish in the Federal Register a detailed
10 analysis of the factors considered and the
11 basis for the actions taken with regard to
12 the plan.”.

13 **SEC. 9. REGULATIONS REQUIRED.**

14 (a) IN GENERAL.—Not later than 270 days after the
15 date of the enactment of this Act, the Board of Directors
16 of the Federal Deposit Insurance Corporation shall pre-
17 scribe final regulations, after notice and opportunity for
18 comment—

19 (1) designating the reserve ratio for the Deposit
20 Insurance Fund in accordance with section 7(b)(3)
21 of the Federal Deposit Insurance Act (as amended
22 by section 5 of this Act);

23 (2) implementing increases in deposit insurance
24 coverage in accordance with the amendments made
25 by section 3 of this Act;

1 (3) implementing the dividend requirement
 2 under section 7(e)(2) of the Federal Deposit Insur-
 3 ance Act (as amended by section 7 of this Act).

4 (4) implementing the 1-time assessment credit
 5 to certain insured depository institutions in accord-
 6 ance with section 7(e)(3) of the Federal Deposit In-
 7 surance Act, as amended by section 7 of this Act,
 8 including the qualifications and procedures under
 9 which the Corporation would apply assessment cred-
 10 its; and

11 (5) providing for assessments under section
 12 7(b) of the Federal Deposit Insurance Act, as
 13 amended by this Act.

14 (b) RULE OF CONSTRUCTION.—No provision of this
 15 Act or any amendment made by this Act shall be con-
 16 strued as affecting the authority of the Corporation to set
 17 or collect deposit insurance assessments before the effec-
 18 tive date of the final regulations prescribed under sub-
 19 section (a).

20 **SEC. 10. STUDIES OF FDIC STRUCTURE AND EXPENSES AND**
 21 **CERTAIN ACTIVITIES AND FURTHER POS-**
 22 **SIBLE CHANGES TO DEPOSIT INSURANCE**
 23 **SYSTEM.**

24 (a) STUDY BY COMPTROLLER GENERAL.—

1 (1) STUDY REQUIRED.—The Comptroller Gen-
2 eral shall conduct a study of the following issues:

3 (A) The efficiency and effectiveness of the
4 administration of the prompt corrective action
5 program under section 38 of the Federal De-
6 posit Insurance Act by the Federal banking
7 agencies (as defined in section 3 of such Act),
8 including the degree of effectiveness of such
9 agencies in identifying troubled depository insti-
10 tutions and taking effective action with respect
11 to such institutions, and the degree of accuracy
12 of the risk assessments made by the Corpora-
13 tion.

14 (B) The appropriateness of the organiza-
15 tional structure of the Federal Deposit Insur-
16 ance Corporation for the mission of the Cor-
17 poration taking into account—

18 (i) the current size and complexity of
19 the business of insured depository institu-
20 tions (as such term is defined in section 3
21 of the Federal Deposit Insurance Act);

22 (ii) the extent to which the organiza-
23 tional structure contributes to or reduces
24 operational inefficiencies that increase
25 operational costs; and

1 (iii) the effectiveness of internal con-
2 trols.

3 (2) REPORT TO THE CONGRESS.—The Comp-
4 troller General shall submit a report to the Congress
5 before the end of the 1-year period beginning on the
6 date of the enactment of this Act containing the
7 findings and conclusions of the Comptroller General
8 with respect to the study required under paragraph
9 (1) together with such recommendations for legisla-
10 tive or administrative action as the Comptroller Gen-
11 eral may determine to be appropriate.

12 (b) INTERNAL STUDY BY THE FDIC.—

13 (1) STUDY REQUIRED.—Concurrently with the
14 study required to be conducted by the Comptroller
15 General under subsection (a), the Federal Deposit
16 Insurance Corporation shall conduct an internal
17 study of the same conditions and factors included in
18 the study under subsection (a).

19 (2) REPORT TO THE CONGRESS.—The Federal
20 Deposit Insurance Corporation shall submit a report
21 to the Congress before the end of the 1-year period
22 beginning on the date of the enactment of this Act
23 containing the findings and conclusions of the Cor-
24 poration with respect to the study required under
25 paragraph (1) together with such recommendations

1 for legislative or administrative action as the Board
2 of Directors of the Corporation may determine to be
3 appropriate.

4 (c) STUDY OF FURTHER POSSIBLE CHANGES TO DE-
5 POSIT INSURANCE SYSTEM.—

6 (1) STUDY REQUIRED.—The Board of Directors
7 of the Federal Deposit Insurance Corporation and
8 the National Credit Union Administration Board
9 shall each conduct a study of the following:

10 (A) The feasibility of establishing a vol-
11 untary deposit insurance system for deposits in
12 excess of the maximum amount of deposit in-
13 surance for any depositor and the potential ben-
14 efits and the potential adverse consequences
15 that may result from the establishment of any
16 such system.

17 (B) The feasibility of privatizing all deposit
18 insurance at insured depository institutions and
19 insured credit unions.

20 (2) REPORT.—Before the end of the 1-year pe-
21 riod beginning on the date of the enactment of this
22 Act, the Board of Directors of the Federal Deposit
23 Insurance Corporation and the National Credit
24 Union Administration Board shall each submit a re-
25 port to the Congress on the study required under

1 paragraph (1) containing the findings and conclu-
2 sions of the reporting agency together with such rec-
3 ommendations for legislative or administrative
4 changes as the agency may determine to be appro-
5 priate.

6 (d) STUDY REGARDING APPROPRIATE DEPOSIT
7 BASE IN DESIGNATING RESERVE RATIO.—

8 (1) STUDY REQUIRED.—The Federal Deposit
9 Insurance Corporation shall conduct a study of the
10 feasibility of using actual domestic deposits rather
11 than estimated insured deposits in calculating the
12 reserve ratio of the Deposit Insurance Fund and
13 designating a reserve ratio for such Fund.

14 (2) REPORT.—The Federal Deposit Insurance
15 Corporation shall submit a report to the Congress
16 before the end of the 1-year period beginning on the
17 date of the enactment of this Act containing the
18 findings and conclusions of the Corporation with re-
19 spect to the study required under paragraph (1) to-
20 gether with such recommendations for legislative or
21 administrative action as the Board of Directors of
22 the Corporation may determine to be appropriate.

23 (e) STUDY OF RESERVE METHODOLOGY AND AC-
24 COUNTING FOR LOSS.—

1 (1) STUDY REQUIRED.—The Federal Deposit
2 Insurance Corporation, in consultation with the
3 Comptroller General, shall conduct a study of the re-
4 serve methodology and loss accounting used by the
5 Corporation during the period beginning on January
6 1, 1992, and ending December 31, 2002, with re-
7 spect to insured depository institutions in a troubled
8 condition (as defined in the regulations prescribed
9 pursuant to section 32(f) of the Federal Deposit In-
10 surance Act).

11 (2) FACTORS TO BE INCLUDED.—In conducting
12 the study pursuant to paragraph (1), the Federal
13 Deposit Insurance Corporation shall—

14 (A) consider the overall effectiveness and
15 accuracy of the methodology used by the Cor-
16 poration for establishing and maintaining re-
17 serves and estimating and accounting for losses
18 at insured depository institutions, during the
19 period described in such paragraph;

20 (B) consider the appropriateness and reli-
21 ability of information and criteria used by the
22 Corporation in determining—

23 (i) whether an insured depository in-
24 stitution was in a troubled condition; and

1 (ii) the amount of any loss anticipated
2 at such institution;

3 (C) analyze the actual historical loss expe-
4 rience over the period described in paragraph
5 (1) and the causes of the exceptionally high
6 rate of losses experienced by the Corporation in
7 the final 3 years of that period; and

8 (D) rate the efforts of the Corporation to
9 reduce losses in such 3-year period to minimally
10 acceptable levels and to historical levels.

11 (3) REPORT REQUIRED.—The Board of Direc-
12 tors of the Federal Deposit Insurance Corporation
13 shall submit a report to the Congress before the end
14 of the 6-month period beginning on the date of the
15 enactment of this Act, containing the findings and
16 conclusions of the Corporation, in consultation with
17 the Comptroller General, with respect to the study
18 required under paragraph (1), together with such
19 recommendations for legislative or administrative ac-
20 tion as the Board of Directors may determine to be
21 appropriate.

1 **SEC. 11. TECHNICAL AND CONFORMING AMENDMENTS TO**
2 **THE FEDERAL DEPOSIT INSURANCE ACT RE-**
3 **LATING TO THE MERGER OF THE BIF AND**
4 **SAIF.**

5 (a) IN GENERAL.—The Federal Deposit Insurance
6 Act (12 U.S.C. 1811 et seq.) is amended—

7 (1) in section 3 (12 U.S.C. 1813)—

8 (A) by striking subparagraph (B) of sub-
9 section (a)(1) and inserting the following new
10 subparagraph:

11 “(B) includes any former savings associa-
12 tion.”; and

13 (B) by striking paragraph (1) of sub-
14 section (y) (as so designated by section 5(b) of
15 this Act) and inserting the following new para-
16 graph:

17 “(1) DEPOSIT INSURANCE FUND.—The term
18 ‘Deposit Insurance Fund’ means the Deposit Insur-
19 ance Fund established under section 11(a)(4).”;

20 (2) in section 5(b)(5) (12 U.S.C. 1815(b)(5)),
21 by striking “the Bank Insurance Fund or the Sav-
22 ings Association Insurance Fund,” and inserting
23 “the Deposit Insurance Fund,”;

24 (3) in section 5(c)(4), by striking “deposit in-
25 surance fund” and inserting “Deposit Insurance
26 Fund”;

(4) in section 5(d) (12 U.S.C. 1815(d)), by striking paragraphs (2) and (3);

(5) in section 5(d)(1) (12 U.S.C. 1815(d)(1))—

(A) in subparagraph (A), by striking “reserve ratios in the Bank Insurance Fund and the Savings Association Insurance Fund as required by section 7” and inserting “the reserve ratio of the Deposit Insurance Fund”;

(B) by striking subparagraph (B) and inserting the following:

“(2) FEE CREDITED TO THE DEPOSIT INSURANCE FUND.—The fee paid by the depository institution under paragraph (1) shall be credited to the Deposit Insurance Fund.”;

(C) by striking “(1) UNINSURED INSTITUTIONS.—”; and

(D) by redesignating subparagraphs (A) and (C) as paragraphs (1) and (3), respectively, and moving the left margins 2 ems to the left; (6) in section 5(e) (12 U.S.C. 1815(e))—

(A) in paragraph (5)(A), by striking “Bank Insurance Fund or the Savings Association Insurance Fund” and inserting “Deposit Insurance Fund”;

(B) by striking paragraph (6); and

1 (C) by redesignating paragraphs (7), (8),
2 and (9) as paragraphs (6), (7), and (8), respec-
3 tively;

4 (7) in section 6(5) (12 U.S.C. 1816(5)), by
5 striking “Bank Insurance Fund or the Savings As-
6 sociation Insurance Fund” and inserting “Deposit
7 Insurance Fund”;

8 (8) in section 7(b) (12 U.S.C. 1817(b))—

9 (A) in paragraph (1)(C), by striking “de-
10 posit insurance fund” each place that term ap-
11 pears and inserting “Deposit Insurance Fund”;

12 (B) in paragraph (1)(D), by striking “each
13 deposit insurance fund” and inserting “the De-
14 posit Insurance Fund”; and

15 (C) in paragraph (5) (as so redesignated
16 by section 4(e)(4) of this Act)—

17 (i) by striking “any such assessment”
18 and inserting “any such assessment is nec-
19 essary”;

20 (ii) by striking subparagraph (B);

21 (iii) in subparagraph (A)—

22 (I) by striking “(A) is nec-
23 essary—”;

1 (II) by striking “Bank Insurance
2 Fund members” and inserting “in-
3 sured depository institutions”; and

4 (III) by redesignating clauses (i),
5 (ii), and (iii) as subparagraphs (A),
6 (B), and (C), respectively, and moving
7 the margins 2 ems to the left; and
8 (iv) in subparagraph (C) (as so reded-
9 ignated)—

10 (I) by inserting “that” before
11 “the Corporation”; and

12 (II) by striking “; and” and in-
13 serting a period;

14 (9) in section 7(j)(7)(F) (12 U.S.C.
15 1817(j)(7)(F)), by striking “Bank Insurance Fund
16 or the Savings Association Insurance Fund” and in-
17 serting “Deposit Insurance Fund”;

18 (10) in section 8(t)(2)(C) (12 U.S.C.
19 1818(t)(2)(C)), by striking “deposit insurance fund”
20 and inserting “Deposit Insurance Fund”;

21 (11) in section 11 (12 U.S.C. 1821)—

22 (A) by striking “deposit insurance fund”
23 each place that term appears and inserting
24 “Deposit Insurance Fund”;

1 (B) by striking paragraph (4) of sub-
2 section (a) and inserting the following new
3 paragraph:

4 “(4) DEPOSIT INSURANCE FUND.—

5 “(A) ESTABLISHMENT.—There is estab-
6 lished the Deposit Insurance Fund, which the
7 Corporation shall—

8 “(i) maintain and administer;

9 “(ii) use to carry out its insurance
10 purposes, in the manner provided by this
11 subsection; and

12 “(iii) invest in accordance with section
13 13(a).

14 “(B) USES.—The Deposit Insurance Fund
15 shall be available to the Corporation for use
16 with respect to insured depository institutions
17 the deposits of which are insured by the De-
18 posit Insurance Fund.

19 “(C) LIMITATION ON USE.—Notwith-
20 standing any provision of law other than section
21 13(c)(4)(G), the Deposit Insurance Fund shall
22 not be used in any manner to benefit any share-
23 holder or affiliate (other than an insured depos-
24 itory institution that receives assistance in ac-
25 cordance with the provisions of this Act) of—

1 “(i) any insured depository institution
2 for which the Corporation has been ap-
3 pointed conservator or receiver, in connec-
4 tion with any type of resolution by the
5 Corporation;

6 “(ii) any other insured depository in-
7 stitution in default or in danger of default,
8 in connection with any type of resolution
9 by the Corporation; or

10 “(iii) any insured depository institu-
11 tion, in connection with the provision of as-
12 sistance under this section or section 13
13 with respect to such institution, except
14 that this clause shall not prohibit any as-
15 sistance to any insured depository institu-
16 tion that is not in default, or that is not
17 in danger of default, that is acquiring (as
18 defined in section 13(f)(8)(B)) another in-
19 sured depository institution.

20 “(D) DEPOSITS.—All amounts assessed
21 against insured depository institutions by the
22 Corporation shall be deposited into the Deposit
23 Insurance Fund.”;

24 (C) by striking paragraphs (5), (6), and
25 (7) of subsection (a); and

1 (D) by redesignating paragraph (8) of sub-
 2 section (a) as paragraph (5);

3 (12) in section 11(f)(1) (12 U.S.C. 1821(f)(1)),
 4 by striking “, except that—” and all that follows
 5 through the end of the paragraph and inserting a
 6 period;

7 (13) in section 11(i)(3) (12 U.S.C.
 8 1821(i)(3))—

9 (A) by striking subparagraph (B);

10 (B) by redesignating subparagraph (C) as
 11 subparagraph (B); and

12 (C) in subparagraph (B) (as so redesign-
 13 ated), by striking “subparagraphs (A) and
 14 (B)” and inserting “subparagraph (A)”;

15 (14) in section 11(p)(2)(B) (12 U.S.C.
 16 1821(p)(2)(B)), by striking “institution, any” and
 17 inserting “institution, the”;

18 (15) in section 11A(a) (12 U.S.C. 1821a(a))—

19 (A) in paragraph (2), by striking “LIABIL-
 20 ITIES.—” and all that follows through “Except”
 21 and inserting “LIABILITIES.—Except”;

22 (B) by striking paragraph (2)(B); and

23 (C) in paragraph (3), by striking “the
 24 Bank Insurance Fund, the Savings Association

1 Insurance Fund,” and inserting “the Deposit
2 Insurance Fund”;

3 (16) in section 11A(b) (12 U.S.C. 1821a(b)),
4 by striking paragraph (4);

5 (17) in section 11A(f) (12 U.S.C. 1821a(f)), by
6 striking “Savings Association Insurance Fund” and
7 inserting “Deposit Insurance Fund”;

8 (18) in section 12(f)(4)(E)(iv) (12 U.S.C.
9 1822(f)(4)(E)(iv)), by striking “Federal deposit in-
10 surance funds” and inserting “the Deposit Insur-
11 ance Fund (or any predecessor deposit insurance
12 fund)”;

13 (19) in section 13 (12 U.S.C. 1823)—

14 (A) by striking “deposit insurance fund”
15 each place that term appears and inserting
16 “Deposit Insurance Fund”;

17 (B) in subsection (a)(1), by striking “Bank
18 Insurance Fund, the Savings Association Insur-
19 ance Fund,” and inserting “Deposit Insurance
20 Fund”;

21 (C) in subsection (c)(4)(E)—

22 (i) in the subparagraph heading, by
23 striking “FUNDS” and inserting “FUND”;
24 and

1 (ii) in clause (i), by striking “any in-
2 surance fund” and inserting “the Deposit
3 Insurance Fund”;

4 (D) in subsection (c)(4)(G)(ii)—

5 (i) by striking “appropriate insurance
6 fund” and inserting “Deposit Insurance
7 Fund”;

8 (ii) by striking “the members of the
9 insurance fund (of which such institution
10 is a member)” and inserting “insured de-
11 pository institutions”;

12 (iii) by striking “each member’s” and
13 inserting “each insured depository institu-
14 tion’s”; and

15 (iv) by striking “the member’s” each
16 place that term appears and inserting “the
17 institution’s”;

18 (E) in subsection (c), by striking para-
19 graph (11);

20 (F) in subsection (h), by striking “Bank
21 Insurance Fund” and inserting “Deposit Insur-
22 ance Fund”;

23 (G) in subsection (k)(4)(B)(i), by striking
24 “Savings Association Insurance Fund member”
25 and inserting “savings association”; and

1 (H) in subsection (k)(5)(A), by striking
2 “Savings Association Insurance Fund mem-
3 bers” and inserting “savings associations”;
4 (20) in section 14(a) (12 U.S.C. 1824(a)), in
5 the 5th sentence—

6 (A) by striking “Bank Insurance Fund or
7 the Savings Association Insurance Fund” and
8 inserting “Deposit Insurance Fund”; and

9 (B) by striking “each such fund” and in-
10 serting “the Deposit Insurance Fund”;

11 (21) in section 14(b) (12 U.S.C. 1824(b)), by
12 striking “Bank Insurance Fund or Savings Associa-
13 tion Insurance Fund” and inserting “Deposit Insur-
14 ance Fund”;

15 (22) in section 14(c) (12 U.S.C. 1824(c)), by
16 striking paragraph (3);

17 (23) in section 14(d) (12 U.S.C. 1824(d))—

18 (A) by striking “Bank Insurance Fund
19 member” each place that term appears and in-
20 serting “insured depository institution”;

21 (B) by striking “Bank Insurance Fund
22 members” each place that term appears and in-
23 serting “insured depository institutions”;

24 (C) by striking “Bank Insurance Fund”
25 each place that term appears (other than in

1 connection with a reference to a term amended
2 by subparagraph (A) or (B) of this paragraph)
3 and inserting “Deposit Insurance Fund”;

4 (D) by striking the subsection heading and
5 inserting the following:

6 “(d) BORROWING FOR THE DEPOSIT INSURANCE
7 FUND FROM INSURED DEPOSITORY INSTITUTIONS.—”;

8 (E) in paragraph (3), in the paragraph
9 heading, by striking “BIF” and inserting “THE
10 DEPOSIT INSURANCE FUND”; and

11 (F) in paragraph (5), in the paragraph
12 heading, by striking “BIF MEMBERS” and in-
13 serting “INSURED DEPOSITORY INSTITUTIONS”;

14 (24) in section 14 (12 U.S.C. 1824), by adding
15 at the end the following new subsection:

16 “(e) BORROWING FOR THE DEPOSIT INSURANCE
17 FUND FROM FEDERAL HOME LOAN BANKS.—

18 “(1) IN GENERAL.—The Corporation may bor-
19 row from the Federal home loan banks, with the
20 concurrence of the Federal Housing Finance Board,
21 such funds as the Corporation considers necessary
22 for the use of the Deposit Insurance Fund.

23 “(2) TERMS AND CONDITIONS.—Any loan from
24 any Federal home loan bank under paragraph (1) to
25 the Deposit Insurance Fund shall—

1 “(A) bear a rate of interest of not less
2 than the current marginal cost of funds to that
3 bank, taking into account the maturities in-
4 volved;

5 “(B) be adequately secured, as determined
6 by the Federal Housing Finance Board;

7 “(C) be a direct liability of the Deposit In-
8 surance Fund; and

9 “(D) be subject to the limitations of sec-
10 tion 15(c).”;

11 (25) in section 15(c)(5) (12 U.S.C.
12 1825(c)(5))—

13 (A) by striking “the Bank Insurance Fund
14 or Savings Association Insurance Fund, respec-
15 tively” each place that term appears and insert-
16 ing “the Deposit Insurance Fund”; and

17 (B) in subparagraph (B), by striking “the
18 Bank Insurance Fund or the Savings Associa-
19 tion Insurance Fund, respectively” and insert-
20 ing “the Deposit Insurance Fund”;

21 (26) in section 17(a) (12 U.S.C. 1827(a))—

22 (A) in the subsection heading, by striking
23 “BIF, SAIF,” and inserting “THE DEPOSIT IN-
24 SURANCE FUND”; and

25 (B) in paragraph (1)—

1 (i) by striking “the Bank Insurance
2 Fund, the Savings Association Insurance
3 Fund,” each place that term appears and
4 inserting “the Deposit Insurance Fund”;
5 and

6 (ii) in subparagraph (D), by striking
7 “each insurance fund” and inserting “the
8 Deposit Insurance Fund”;

9 (27) in section 17(d) (12 U.S.C. 1827(d)), by
10 striking “, the Bank Insurance Fund, the Savings
11 Association Insurance Fund,” each place that term
12 appears and inserting “the Deposit Insurance
13 Fund”;

14 (28) in section 18(m)(3) (12 U.S.C.
15 1828(m)(3))—

16 (A) by striking “Savings Association In-
17 surance Fund” in the 1st sentence of subpara-
18 graph (A) and inserting “Deposit Insurance
19 Fund”;

20 (B) by striking “Savings Association In-
21 surance Fund member” in the last sentence of
22 subparagraph (A) and inserting “savings asso-
23 ciation”; and

24 (C) by striking “Savings Association Insur-
25 ance Fund or the Bank Insurance Fund” in

1 subparagraph (C) and inserting “Deposit Insur-
2 ance Fund”;

3 (29) in section 18(o) (12 U.S.C. 1828(o)), by
4 striking “deposit insurance funds” and “deposit in-
5 surance fund” each place those terms appear and in-
6 serting “Deposit Insurance Fund”;

7 (30) in section 18(p) (12 U.S.C. 1828(p)), by
8 striking “deposit insurance funds” and inserting
9 “Deposit Insurance Fund”;

10 (31) in section 24 (12 U.S.C. 1831a)—

11 (A) in subsections (a)(1) and (d)(1)(A), by
12 striking “appropriate deposit insurance fund”
13 each place that term appears and inserting
14 “Deposit Insurance Fund”;

15 (B) in subsection (e)(2)(A), by striking
16 “risk to” and all that follows through the pe-
17 riod and inserting “risk to the Deposit Insur-
18 ance Fund.”; and

19 (C) in subsections (e)(2)(B)(ii) and
20 (f)(6)(B), by striking “the insurance fund of
21 which such bank is a member” each place that
22 term appears and inserting “the Deposit Insur-
23 ance Fund”;

24 (32) in section 28 (12 U.S.C. 1831e), by strik-
25 ing “affected deposit insurance fund” each place

1 that term appears and inserting “Deposit Insurance
2 Fund”;

3 (33) by striking section 31 (12 U.S.C. 1831h);

4 (34) in section 36(i)(3) (12 U.S.C.
5 1831m(i)(3)), by striking “affected deposit insur-
6 ance fund” and inserting “Deposit Insurance
7 Fund”;

8 (35) in section 37(a)(1)(C) (12 U.S.C.
9 1831n(a)(1)(C)), by striking “insurance funds” and
10 inserting “Deposit Insurance Fund”;

11 (36) in section 38 (12 U.S.C. 1831o), by strik-
12 ing “the deposit insurance fund” each place that
13 term appears and inserting “the Deposit Insurance
14 Fund”;

15 (37) in section 38(a) (12 U.S.C. 1831o(a)), in
16 the subsection heading, by striking “FUNDS” and in-
17 serting “FUND”;

18 (38) in section 38(k) (12 U.S.C. 1831o(k))—

19 (A) in paragraph (1), by striking “a de-
20 posit insurance fund” and inserting “the De-
21 posit Insurance Fund”;

22 (B) in paragraph (2), by striking “A de-
23 posit insurance fund” and inserting “The De-
24 posit Insurance Fund”; and

1 (C) in paragraphs (2)(A) and (3)(B), by
2 striking “the deposit insurance fund’s outlays”
3 each place that term appears and inserting “the
4 outlays of the Deposit Insurance Fund”; and
5 (39) in section 38(o) (12 U.S.C. 1831o(o))—

6 (A) by striking “ASSOCIATIONS.—” and all
7 that follows through “Subsections (e)(2)” and
8 inserting “ASSOCIATIONS.—Subsections (e)(2)”;

9 (B) by redesignating subparagraphs (A),
10 (B), and (C) as paragraphs (1), (2), and (3),
11 respectively, and moving the margins 2 ems to
12 the left; and

13 (C) in paragraph (1) (as so redesignated),
14 by redesignating clauses (i) and (ii) as subpara-
15 graphs (A) and (B), respectively, and moving
16 the margins 2 ems to the left.

17 (b) EFFECTIVE DATE.—This section and the amend-
18 ments made by this section shall take effect on the first
19 day of the first calendar quarter that begins after the end
20 of the 90-day period beginning on the date of the enact-
21 ment of this Act.

1 **SEC. 12. OTHER TECHNICAL AND CONFORMING AMEND-**
2 **MENTS RELATING TO THE MERGER OF THE**
3 **BIF AND SAIF.**

4 (a) SECTION 5136 OF THE REVISED STATUTES.—
5 The paragraph designated the “Eleventh” of section 5136
6 of the Revised Statutes of the United States (12 U.S.C.
7 24) is amended in the 5th sentence, by striking “affected
8 deposit insurance fund” and inserting “Deposit Insurance
9 Fund”.

10 (b) INVESTMENTS PROMOTING PUBLIC WELFARE;
11 LIMITATIONS ON AGGREGATE INVESTMENTS.—The 23d
12 undesignated paragraph of section 9 of the Federal Re-
13 serve Act (12 U.S.C. 338a) is amended in the 4th sen-
14 tence, by striking “affected deposit insurance fund” and
15 inserting “Deposit Insurance Fund”.

16 (c) ADVANCES TO CRITICALLY UNDERCAPITALIZED
17 DEPOSITORY INSTITUTIONS.—Section 10B(b)(3)(A)(ii) of
18 the Federal Reserve Act (12 U.S.C. 347b(b)(3)(A)(ii)) is
19 amended by striking “any deposit insurance fund in” and
20 inserting “the Deposit Insurance Fund of”.

21 (d) AMENDMENTS TO THE BALANCED BUDGET AND
22 EMERGENCY DEFICIT CONTROL ACT OF 1985.—Section
23 255(g)(1)(A) of the Balanced Budget and Emergency
24 Deficit Control Act of 1985 (2 U.S.C. 905(g)(1)(A)) is
25 amended—

1 (1) by striking “Bank Insurance Fund” and in-
 2 serting “Deposit Insurance Fund”; and

3 (2) by striking “Federal Deposit Insurance Cor-
 4 poration, Savings Association Insurance Fund (51-
 5 4066-0-3-373);”.

6 (e) AMENDMENTS TO THE FEDERAL HOME LOAN
 7 BANK ACT.—The Federal Home Loan Bank Act (12
 8 U.S.C. 1421 et seq.) is amended—

9 (1) in section 11(k) (12 U.S.C. 1431(k))—

10 (A) in the subsection heading, by striking
 11 “SAIF” and inserting “THE DEPOSIT INSUR-
 12 ANCE FUND”; and

13 (B) by striking “Savings Association In-
 14 surance Fund” each place such term appears
 15 and inserting “Deposit Insurance Fund”;

16 (2) in section 21 (12 U.S.C. 1441)—

17 (A) in subsection (f)(2), by striking “, ex-
 18 cept that” and all that follows through the end
 19 of the paragraph and inserting a period; and

20 (B) in subsection (k), by striking para-
 21 graph (4);

22 (3) in section 21A(b)(4)(B) (12 U.S.C.
 23 1441a(b)(4)(B)), by striking “affected deposit insur-
 24 ance fund” and inserting “Deposit Insurance
 25 Fund”;

1 (4) in section 21A(b)(6)(B) (12 U.S.C.
2 1441a(b)(6)(B))—

3 (A) in the subparagraph heading, by strik-
4 ing “SAIF-INSURED BANKS” and inserting
5 “CHARTER CONVERSIONS”; and

6 (B) by striking “Savings Association In-
7 surance Fund member” and inserting “savings
8 association”;

9 (5) in section 21A(b)(10)(A)(iv)(II) (12 U.S.C.
10 1441a(b)(10)(A)(iv)(II)), by striking “Savings Asso-
11 ciation Insurance Fund” and inserting “Deposit In-
12 surance Fund”;

13 (6) in section 21A(n)(6)(E)(iv) (12 U.S.C.
14 1441(n)(6)(E)(iv)), by striking “Federal deposit in-
15 surance funds” and inserting “the Deposit Insur-
16 ance Fund”;

17 (7) in section 21B(e) (12 U.S.C. 1441b(e))—

18 (A) in paragraph (5), by inserting “as of
19 the date of funding” after “Savings Association
20 Insurance Fund members” each place that term
21 appears; and

22 (B) by striking paragraphs (7) and (8);
23 and

24 (8) in section 21B(k) (12 U.S.C. 1441b(k))—

1 (A) by inserting before the colon “, the fol-
 2 lowing definitions shall apply”;

3 (B) by striking paragraph (8); and

4 (C) by redesignating paragraphs (9) and
 5 (10) as paragraphs (8) and (9), respectively.

6 (f) AMENDMENTS TO THE HOME OWNERS’ LOAN
 7 ACT.—The Home Owners’ Loan Act (12 U.S.C. 1461 et
 8 seq.) is amended—

9 (1) in section 5 (12 U.S.C. 1464)—

10 (A) in subsection (c)(5)(A), by striking
 11 “that is a member of the Bank Insurance
 12 Fund”;

13 (B) in subsection (c)(6), by striking “As
 14 used in this subsection—” and inserting “For
 15 purposes of this subsection, the following defini-
 16 tions shall apply.”;

17 (C) in subsection (o)(1), by striking “that
 18 is a Bank Insurance Fund member”;

19 (D) in subsection (o)(2)(A), by striking “a
 20 Bank Insurance Fund member until such time
 21 as it changes its status to a Savings Association
 22 Insurance Fund member” and inserting “in-
 23 sured by the Deposit Insurance Fund”;

1 (E) in subsection (t)(5)(D)(iii)(II), by
2 striking “affected deposit insurance fund” and
3 inserting “Deposit Insurance Fund”;

4 (F) in subsection (t)(7)(C)(i)(I), by strik-
5 ing “affected deposit insurance fund” and in-
6 serting “Deposit Insurance Fund”; and

7 (G) in subsection (v)(2)(A)(i), by striking
8 “the Savings Association Insurance Fund” and
9 inserting “or the Deposit Insurance Fund”; and
10 (2) in section 10 (12 U.S.C. 1467a)—

11 (A) in subsection (c)(6)(D), by striking
12 “this title” and inserting “this Act”;

13 (B) in subsection (e)(1)(B), by striking
14 “Savings Association Insurance Fund or Bank
15 Insurance Fund” and inserting “Deposit Insur-
16 ance Fund”;

17 (C) in subsection (e)(2), by striking “Sav-
18 ings Association Insurance Fund or the Bank
19 Insurance Fund” and inserting “Deposit Insur-
20 ance Fund”;

21 (D) in subsection (e)(4)(B), by striking
22 “subsection (1)” and inserting “subsection (l)”;

23 (E) in subsection (g)(3)(A), by striking
24 “(5) of this section” and inserting “(5) of this
25 subsection”;

1 (F) in subsection (i), by redesignating
2 paragraph (5) as paragraph (4);

3 (G) in subsection (m)(3), by striking sub-
4 paragraph (E) and by redesignating subpara-
5 graphs (F), (G), and (H) as subparagraphs
6 (E), (F), and (G), respectively;

7 (H) in subsection (m)(7)(A), by striking
8 “during period” and inserting “during the pe-
9 riod”; and

10 (I) in subsection (o)(3)(D), by striking
11 “sections 5(s) and (t) of this Act” and inserting
12 “subsections (s) and (t) of section 5”.

13 (g) AMENDMENTS TO THE NATIONAL HOUSING
14 ACT.—The National Housing Act (12 U.S.C. 1701 et
15 seq.) is amended—

16 (1) in section 317(b)(1)(B) (12 U.S.C.
17 1723i(b)(1)(B)), by striking “Bank Insurance Fund
18 for banks or through the Savings Association Insur-
19 ance Fund for savings associations” and inserting
20 “Deposit Insurance Fund”; and

21 (2) in section 536(b)(1)(B)(ii) (12 U.S.C.
22 1735f–14(b)(1)(B)(ii)), by striking “Bank Insurance
23 Fund for banks and through the Savings Association
24 Insurance Fund for savings associations” and insert-
25 ing “Deposit Insurance Fund”.

1 (h) AMENDMENTS TO THE FINANCIAL INSTITUTIONS
 2 REFORM, RECOVERY, AND ENFORCEMENT ACT OF
 3 1989.—The Financial Institutions Reform, Recovery, and
 4 Enforcement Act of 1989 (12 U.S.C. 1811 note) is
 5 amended—

6 (1) in section 951(b)(3)(B) (12 U.S.C.
 7 1833a(b)(3)(B)), by inserting “and after the merger
 8 of such funds, the Deposit Insurance Fund,” after
 9 “the Savings Association Insurance Fund,”; and

10 (2) in section 1112(c)(1)(B) (12 U.S.C.
 11 3341(c)(1)(B)), by striking “Bank Insurance Fund,
 12 the Savings Association Insurance Fund,” and in-
 13 serting “Deposit Insurance Fund”.

14 (i) AMENDMENT TO THE BANK HOLDING COMPANY
 15 ACT OF 1956.—The Bank Holding Company Act of 1956
 16 (12 U.S.C. 1841 et seq.) is amended—

17 (1) in section 2(j)(2) (12 U.S.C. 1841(j)(2)), by
 18 striking “Savings Association Insurance Fund” and
 19 inserting “Deposit Insurance Fund”; and

20 (2) in section 3(d)(1)(D)(iii) (12 U.S.C.
 21 1842(d)(1)(D)(iii)), by striking “appropriate deposit
 22 insurance fund” and inserting “Deposit Insurance
 23 Fund”.

24 (j) AMENDMENTS TO THE GRAMM-LEACH-BLILEY
 25 ACT.—Section 114 of the Gramm-Leach-Bliley Act (12

1 U.S.C. 1828a) is amended by striking “any Federal de-
2 posit insurance fund” in subsection (a)(1)(B), paragraphs
3 (2)(B) and (4)(B) of subsection (b), and subsection
4 (c)(1)(B), each place that term appears and inserting “the
5 Deposit Insurance Fund”.

6 (k) EFFECTIVE DATE.—This section and the amend-
7 ments made by this section shall take effect on the first
8 day of the first calendar quarter that begins after the end
9 of the 90-day period beginning on the date of the enact-
10 ment of this Act.

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